

Message Text

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ACTION AGR-08

INFO OCT-01 ARA-06 ISO-00 EB-07 SP-02 USIA-06 AID-05
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01
L-03 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 /086 W
-----012032Z 026326 /75

R 011830Z JUN 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 1952
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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E.O. 11652: N/A
TAGS: ETRD, BR
SUBJECT: BRAZIL'S SOYBEAN EXPORT MARKETING STRATEGY

REF: (A) STATE 120865; (B) BRASILIA 4307; (C) BRASILIA 4330
(D) BRASILIA 4420

1. FINATT AND AGATT CALLED TO-DAY (JUNE 1) ON MARCOS AMORIM NETTO, CHIEF OF THE ECONOMIC ADVISORY STAFF, MINISTRY OF FINANCE, TO EXPRESS USG CONCERNS ABOUT BRAZIL'S SOYBEAN EXPORT MARKETING POLICY AS OUT-LINED REFTEL A.

2. AMORIM STATED THAT BRAZIL'S POLICY WAS GUIDED BY TWO BASIC FACTORS: (A) TO MINIMIZE THE DOMESTIC INFLATIONARY IMPACT OF HIGH WORLD PRICE OF SOYBEANS AND (B) TO PREVENT SPECULATION IN THE SOYBEAN MARKET. HE DISCLAIMED THAT THE MEASURES TAKEN TO DATE WERE IN ANY WAY INTENDED TO PUT UPWARD PRESSURE ON PRICES. AMORIM ARGUED, NOT VERY CONVINCINGLY, THAT THE EXPORT TAX HAD IN FACT A DEPRESSING EFFECT ON
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PRICES SINCE THE GOVERNMENT EXPECTED TO INCREASE IT AS PRICES ROSE. WITH RESPECT TO THE SUSPENSION OF EXPORT REGISTRATIONS, HE NOTED THAT THIS WAS NECESSARY TO AVOID SPECULATION. APPARENTLY EXPORTERS WERE REGISTERING FICTITIOUS SALES IN THE HOPE OF MAKING A PROFIT IN A RISING MARKET.

3. DURING THE CONVERSATION, EMB OFFS RAISED THE ISSUE OF THE PROPOSED CONSULTATIVE GROUP ON SOYBEANS, INDICATING THAT THE KINDS OF PROBLEMS UNDER CONSIDERATION COULD BE APPROPRIATELY HANDLED WITHIN ITS FRAMEWORK. AMORIM REACTED VERY POSITIVELY, AGREEING THAT SUCH A MECHANISM WOULD BE MUTUALLY ADVANTAGEOUS. WHEN ASKED WHETHER THE GOB COULD RESPOND TO OUR PROPOSAL, HE SAID HE WOULD HAVE TO CONSULT WITH FRANCISCO DORNELLES, GENERAL COUNSEL OF THE MINISTRY, WHO, FOR SOME REASON, HAD HANDLED THIS ISSUE WHEN IT WAS FIRST PRESENTED. FINATT PROMISED TO TAKE THE MATTER UP WITH DORNELLES, AND HOPED THAT, WHEN CONSULTED, HE (AMORIM) WOULD GIVE THE MINISTRY'S GREEN LIGHT.

4. FINALLY, AMORIM CONFIDED THAT HE WAS CONCERNED WITH THE BEHAVIOR OF BRAZILIAN SOYBEAN PRODUCERS WHO ARE SITTING ON THEIR CROP IN THE EXPECTATION OF RISING PRICES. HE MAINTAINED THAT, BASED ON ALL AVAILABLE INDICATORS, PRICES ARE MORE LIKELY TO GO DOWN RATHER THAN UP IN THE COMING MONTHS AND THAT THIS WILL HURT THESE EXPORTERS. SINCE THE GOVERNMENT HAS NO WAY OF FORCING THESE PEOPLE TO SELL, THEY WOULD HAVE TO PAY THE PRICE OF GUESSING WRONG, EVEN THOUGH THE TRADE BALANCE STANDS TO SUFFER. CRIMMINS

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 01-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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